

**MORGAN CITY HARBOR AND
TERMINAL DISTRICT**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
 Morgan City Harbor and Terminal District
 Morgan City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Morgan City Harbor and Terminal District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Morgan City Harbor and Terminal District as of June 30, 2013, and the respective changes in financial position, and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, certain errors resulting in an understatement of previously reported fund balance as of June 30, 2012, were discovered by management of the District during the year. Accordingly, adjustments have been made to fund balance as of June 30, 2012, to correct the errors. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of funding progress related to other postemployment benefits on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Morgan City Harbor and Terminal District has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of cost of sales and services and the schedule of general and administrative expenses (Other Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Other Supplementary Information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dannall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

December 20, 2013

FINANCIAL SECTION

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Net Position
June 30, 2013

Current assets:	
Cash and cash equivalents	\$ 6,295,265
Receivables:	
Accounts	5,588
Grants	50,890
Taxes	11,119
Prepaid items	126,563
Other assets	<u>206</u>
Total current assets	<u>6,489,631</u>
Property, plant, and equipment:	
Capital assets (net of accumulated depreciation)	18,866,213
Land	3,136,650
Construction in progress	<u>25,753</u>
Total property, plant, and equipment	<u>22,028,616</u>
Total assets	<u>\$ 28,518,247</u>
LIABILITIES	
Accounts payable	\$ 356,661
Due to federal government	4,211
Retainage payable	15,031
Other accrued liabilities	12,611
Long-term liabilities, due within one year:	
Compensated absences	13,693
Portion due after one year:	
Deposits	106,575
Other post employment benefit obligations	<u>43,602</u>
Total liabilities	<u>552,384</u>
NET POSITION	
Net investment in capital assets	22,028,616
Unrestricted	<u>5,937,247</u>
Total net position	<u>27,965,863</u>
Total liabilities and net position	<u>\$ 28,518,247</u>

The accompanying notes are an integral part of these financial statements.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2013

Operating revenues:	
Charges for services	
Rentals	\$ 913,314
Other revenues	<u>6,780</u>
Total operating revenues	<u>920,094</u>
Operating expenses:	
Cost of sales and services	32,895
General and administrative	1,283,802
Depreciation	<u>790,805</u>
Total operating expenses	<u>2,107,502</u>
Operating loss	<u>(1,187,408)</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	1,547,023
Intergovernmental revenue	977,717
Interest earnings	10,506
Intergovernmental expense	(348,364)
Interest expense	<u>(131)</u>
Total nonoperating revenues (expenses)	2,186,751
Change in net position	999,343
Net position, beginning	<u>26,966,520</u>
Net position, ending	<u>\$ 27,965,863</u>

The accompanying notes are an integral part of these financial statements.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Cash Flows
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$ 1,097,493
Cash paid for goods and services	(1,007,314)
Payment for salaries and benefits	(238,635)
Net cash used by operating activities	<u>(148,456)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Ad valorem taxes	1,569,475
Intergovernmental	747,483
Net cash provided by noncapital financing activities	<u>2,316,958</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Interest paid on long-term debt	(131)
Acquisition of capital assets	(525,049)
Net cash used by capital and related financing activities	<u>(525,180)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	10,506
Net cash provided by investing activities	<u>10,506</u>

Net increase in cash and cash equivalents 1,653,828

Cash and cash equivalents -- July 1, 2012 4,641,437

Cash and cash equivalents -- June 30, 2013 \$ 6,295,265

**Reconciliation of operating loss to net cash
used by operating activities:**

Operating loss \$ (1,187,408)

Adjustments to reconcile operating income to
net cash used by operating activities:

Depreciation and amortization	790,805
Decrease in accounts receivable	66,613
Increase in prepaid expenses	(20,224)
Decrease in retainage payable	(51,881)
Increase in accounts payable	134,368
Increase in payroll related payables	8,485
Increase in due to federal government	4,211
Increase in rental deposits	<u>106,575</u>

Total adjustments 1,038,952

Net cash used by operating activities \$ (148,456)

The accompanying notes are an integral part of these financial statements.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

INTRODUCTION

The Morgan City Harbor and Terminal District (the District) was created as a public corporation and political subdivision of the State of Louisiana under Louisiana Revised Statute 34:321. The District is governed by a Board of Commissioners consisting of nine members appointed by the Governor. The board has the power to regulate the commerce and traffic of the District in such manner as may be best for the public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharves, warehouses, landing, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

Financial Reporting Entity

Government Accounting Standards Board (GASB) statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board.
 - a. The ability of the reporting entity to impose its will on the organization.
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

The District is considered a related organization of the State of Louisiana. Although the Governor appoints the governing board, the State does not have a financial benefit or burden relationship with the District. Because the State does not have financial accountability for the District, the District is excluded from the reporting entity of the State. The nature of the State's relationship with the District is disclosed in the State's audited financial statements.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State of Louisiana.

Change in Accounting

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was implemented during the year ended June 30, 2013. This GASB statement incorporated deferred outflows and inflows of resources with assets and liabilities as the required components of the residual measure that is renamed net position, rather than net assets.

Fund Accounting

The accounts of the District are organized and operated on a fund basis (enterprise fund) whereby a separate self-balancing set of accounts that comprise assets, liabilities, net position, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The proprietary fund is accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal ongoing operating revenue of the District's Enterprise Fund is charges for rental services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and interest-bearing demand deposits.

Accounts Receivable

Accounts receivable is stated at cost, net of any allowance for doubtful accounts. The District maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The District reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the District considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

Based on management's evaluation of each customer, the District considers all remaining accounts receivable to be fully collectible and, therefore, did not provide for an allowance for doubtful accounts.

Capital Assets

All capital assets are capitalized at historical cost. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

All capital assets are depreciated using the straight line method over their estimated useful lives as follows:

Furniture and Fixtures	5-7 years
Land Improvements	15 years
Leasehold Improvements	5-39 years
Wharf, Dock, Sheet Piling, Marshalling Yard, Railroad Spur	5-40 years

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Accumulated vacation and sick leave is accrued as an expense of the period in which incurred. Employees earn from 10 to 20 days of vacation and sick leave each year depending on the length of service with the District. Vacation time not used by the end of the year may be taken ninety days into the following calendar year. Upon termination of employment, unused vacation up to five days will be paid to employees at the employee's current rate of pay.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Other Postemployment Benefit Obligations

The District implements GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the District to calculate and recognize a net *other postemployment benefit* (OPEB) obligation at June 30, 2013. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2009. See Note 11 for further details.

Subsequent Event

The District has evaluated subsequent events through December 20, 2013, the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and interest-bearing demand deposits. Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

At June 30, 2013, the District has cash and cash equivalents (book balances) totaling \$6,295,265 as follows:

Demand deposits	\$ 755,571
Interest-bearing deposits	<u>5,539,694</u>
Total cash and cash equivalents	<u>\$ 6,295,265</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. Under state law, all funds deposited in a bank must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit held with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties (Category 3). Deposit balances (bank balances) at June 30, 2013 were fully secured as follows:

Bank balances	\$ <u>6,296,085</u>
Federal deposit insurance	\$ 621,787
Pledged securities (uninsured and collateral held by pledging bank)	<u>6,864,337</u>
Total	<u>7,486,124</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$ 1,190,039</u>

Even though the pledged securities are considered uncollateralized (Category 3) Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended June 30, 2013, 4.49 mills were authorized and dedicated to the District.

Total taxes collected were \$1,535,904. Total taxes receivable at June 30, 2013 were \$11,119.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 4 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended June 30, 2013 consisted of the following:

State of Louisiana:	
Revenue Sharing	\$ 40,968
Office of Facility Planning and Control	179,807
Federal Government:	
Port Security Grant	<u>756,942</u>
	<u>\$ 977,717</u>

NOTE 5 INTERGOVERNMENTAL EXPENSES

On February 19, 2013, the District entered into a Cooperative Agreement with the Town of Berwick (Town). The Town has committed to make certain improvements to its wharf and docks along the Atchafalaya River in Berwick Bay, which is located within both the Town and the District's boundaries. The District agreed to pay \$90,000, without any repayment obligation, to be used by the Town for the aforementioned improvements. This payment was made in the current year and is reported as intergovernmental expenses in the Statement of Revenue, Expenses and Changes in Fund Net Position.

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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets and depreciation for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 3,136,650	\$ -	\$ -	\$ 3,136,650
Construction in progress	10,218	25,753	(10,218)	25,753
Total capital assets not being depreciated	<u>3,146,868</u>	<u>25,753</u>	<u>(10,218)</u>	<u>3,162,403</u>
Capital assets being depreciated:				
Furniture and fixtures	76,265	363,815	-	440,080
Wharf	4,905,623	-	-	4,905,623
Dock	6,750,822	4,004	-	6,754,826
Sheet piling	1,200,000	-	-	1,200,000
Land improvements	11,618,412	53,698	-	11,672,110
Leasehold improvements	309,297	87,998	-	397,295
Marshalling yard	256,826	-	-	256,826
Railroad spur	852,158	-	-	852,158
Total capital assets being depreciated	<u>25,969,403</u>	<u>509,515</u>	<u>-</u>	<u>26,478,918</u>
Less accumulated depreciation for:				
Furniture and fixtures	(62,040)	(7,032)	-	(69,072)
Wharf	(2,000,528)	(113,455)	-	(2,113,983)
Dock	(3,314,785)	(151,216)	-	(3,466,001)
Sheet piling	(420,000)	(30,000)	-	(450,000)
Land improvements	(533,884)	(441,533)	-	(975,417)
Leasehold improvements	(84,911)	(19,844)	-	(104,755)
Marshalling yard	(83,471)	(6,421)	-	(89,892)
Railroad spur	(322,281)	(21,304)	-	(343,585)
Total accumulated depreciation	<u>(6,821,900)</u>	<u>(790,805)</u>	<u>-</u>	<u>(7,612,705)</u>
Capital assets, being depreciated, net	<u>19,147,503</u>	<u>(281,290)</u>	<u>-</u>	<u>18,866,213</u>
Capital assets, net	<u>\$22,294,371</u>	<u>\$ (255,537)</u>	<u>\$ (10,218)</u>	<u>\$22,028,616</u>

Depreciation charged to expense was \$790,805 for the year ended June 30, 2013.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 7 CHANGES IN SHORT-TERM DEBT OBLIGATIONS

The following is a summary of the short-term debt obligation transactions during the year:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 10,930</u>	<u>\$ 13,693</u>	<u>\$ (10,930)</u>	<u>\$ 13,693</u>	<u>\$ 13,693</u>

NOTE 8 CHANGES IN LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term debt obligation transactions during the year:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Other post employment benefits	\$ 38,365	\$ 10,976	\$ (5,739)	\$ 43,602	\$ -
Deposits	<u>-</u>	<u>106,575</u>	<u>-</u>	<u>106,575</u>	<u>-</u>
Total	<u>\$ 38,365</u>	<u>\$ 117,551</u>	<u>\$ (5,739)</u>	<u>\$ 150,177</u>	<u>\$ -</u>

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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 9 OPERATING LEASE REVENUES

The District's revenues include the leasing of land and improvements under cancelable operating leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease. The District also leases facilities and office space to tenants under non-cancelable operating leases with terms of five to twenty years. The following is a schedule by years of future minimum rentals under the leases at June 30, 2013:

<u>Year Ending June 30,</u>	
2014	\$ 679,408
2015	488,880
2016	489,363
2017	489,860
2018	490,371
Thereafter	<u>922,630</u>
	<u>\$ 3,560,512</u>

NOTE 10 LEASE EXPENSE COMMITMENTS

The District leases land and buildings under non-cancelable operating leases. Total costs for such leases were \$122,636 for the year ended June 30, 2013. The estimated future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 144,166
2015	144,166
2016	144,166
2017	144,166
2018	144,166
2019	<u>72,083</u>
	<u>\$ 792,913</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. The District implements GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result, the District recognizes the cost of postemployment healthcare in the year in which the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Because the District adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description

The District provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the District. The District's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap.

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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The OGB offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Health Maintenance Organization (HMO) plan, the Medical Home Health Maintenance Organization (HMO) plan (Region 9 only), and the Regional Health Maintenance Organization (HMO) plan (Regions 6, 7, 8 & 9 only). A Consumer Driven Health Savings Account (CDHP-HSA) plan is offered featuring lower premium rates in exchange for higher deductibles. Depending upon the plan selected the premiums for retiree-only coverage without Medicare range from \$134 to \$144 per month for the fiscal year ended June 30, 2013. The premiums for retiree-only coverage with Medicare range from \$83 to \$87 per month for the fiscal year ended June 30, 2013. The premiums for a retiree and spouse without Medicare range from \$427 to \$468 per month for the fiscal year ended June 30, 2013. The premiums for a retiree and spouse with Medicare range from \$295 to \$322 per month for the fiscal year ended June 30, 2013.

The District's effective rates for retiree-only coverage without Medicare range from \$851 to \$928 per month for the fiscal year ended June 30, 2013. The District's contributions for retiree-only coverage with Medicare range from \$248 to \$261 per month for the fiscal year ended June 30, 2013. The District's contributions for a retiree and spouse without Medicare range from \$1,300 to \$1,424 per month for the fiscal year ended June 30, 2013. The District's contributions for a retiree and spouse with Medicare range from \$885 to \$966 per for the fiscal year ended June 30, 2013.

Employees with an OGB medical participation start date before January 1, 2002, pay approximately 25% of the cost of medical coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees with an OGB medical participation start date after December 31, 2001, pay a percentage of the total contribution based on the following schedule:

<u>Service</u>	<u>Retiree Share</u>	<u>State Share</u>
Under 10 years	81%	19%
10 - 14 years	62%	38%
15 - 19 years	44%	56%
20+ years	25%	75%

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one-half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	\$ 10,900
Interest on net OPEB obligation	1,535
Adjustment to annual required contribution	<u>(1,459)</u>
Annual OPEB cost (expense)	10,976
Less: contributions made	<u>5,739</u>
Decrease in net OPEB obligation	5,237
Net OPEB obligation (asset) - beginning of the year	<u>38,365</u>
Net OPEB obligation (asset) - end of the year	<u>\$ 43,602</u>

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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013, and the preceding fiscal years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 20,300	27.50%	\$ 29,960
6/30/2012	\$ 14,400	42.06%	\$ 38,365
6/30/2013	\$ 10,900	52.65%	\$ 43,602

Funded Status and Funding Progress

The funded status of the plan, as determined by an actuary, as of June 30, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 121,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	121,000
Funded ratio (actuarial value of plan assets AAL)	<u>0.00%</u>
Covered payroll (annual payroll of active employees covered by the plan)	129,000
UAAL as a percentage of covered payroll	93.80%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectation and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The schedule of funding progress presented as required supplementary information following the notes to the financial statements will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate. The valuation assumed an initial annual healthcare cost trend rate of 6.5% and 7.6% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 5% per year.

The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2012, was twenty-seven years.

NOTE 12 BOARD OF COMMISSIONERS

Members of the Morgan City Harbor and Terminal District at June 30, 2013:

Jerry Gauthier
Gregory Aucoin
Deborah Garber
Thomas Ackel
Joseph Foret
Duane Lodrigue
William Pecoraro
R. Scott Melacon
Tim Matthews

No compensation was paid to these individuals during the year.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 13 SUBSEQUENT EVENTS

The District's governing body has decided to restrict a portion of the net position for upcoming capital projects. For year end June 30, 2014, it was decided that \$3,000,000 will be restricted for the purchase and engineering of a government emergency operating and training center including the associated property. The total of \$3,000,000 will be included in net position restricted for capital projects.

NOTE 14 GRANT REVENUES

On August 16, 2010, the District was approved for funding of \$1,128,568 by the Department of Homeland Security/FEMA under the 2010 Port Security Grant. According to management, the award period for this grant is through May 31, 2014. Of this amount, \$77,251 will be passed through to a subrecipient, Magellan Mid-Stream Partners.

In the current year, FEMA disbursed \$200,490 of these funds to the District, which is reported as intergovernmental revenue at June 30, 2013. There were no expenses incurred by the subrecipient or the District as of June 30, 2013.

NOTE 15 RESTATEMENT OF PRIOR YEAR FINANCIALS

During the current year, it was determined that in prior year the other postemployment benefit asset was overstated by \$5,146 and the other postemployment benefit obligation was understated by \$38,365 due to an error made when calculating contributions made. In order to correct the error, beginning net position of \$27,010,031, as originally reported, has been decreased to \$26,966,520.

**SUPPLEMENTAL
INFORMATION**

REQUIRED SUPPLEMENTARY INFORMATION

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Funding Progress – Other Postemployment Benefits
Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Project Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2010	\$ -	\$ 169,600	\$ 169,600	0.00%	\$ 129,200	131.27%
July 1, 2011	\$ -	\$ 123,800	\$ 123,800	0.00%	\$ 129,200	95.82%
July 1, 2012	\$ -	\$ 121,000	\$ 121,000	0.00%	\$ 129,000	93.80%

**INTERNAL CONTROL
AND
COMPLIANCE**



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Commissioners
Morgan City Harbor and Terminal District
Parish of St. Mary, State of Louisiana
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Morgan City Harbor and Terminal District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We

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consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 20, 2013



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Commissioners
Morgan City Harbor and Terminal District
Parish of St. Mary, State of Louisiana
Morgan City, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Morgan City Harbor and Terminal District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

Darnall, Sikes, Gaudes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 20, 2013

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Identifying Number</u>	<u>Federal Expenditures</u>
United States Department of Homeland Security			
Direct Programs			
2009 Port Security Grant	97.056	2009-PU-T9K022	\$ 548,752
Total expenditures of federal awards			\$ 548,752

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the Morgan City Harbor and Terminal District and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles of State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 SUBRECIPIENT

Of the federal expenditures presented in the Schedule, the District provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>
97.056	2009 Port Security Grant	\$ 258,364

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

2012-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2013-001.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Morgan City Harbor and Terminal District's financial statements as of and for the year ended June 30, 2013.

Internal Control Deficiencies – Financial Reporting

One significant deficiency over financial reporting was disclosed during the audit of the financial statements and is shown as item 2013-001 and is considered a material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program – Identification

The Morgan City Harbor and Terminal District, at June 30, 2013 had the following major program:

2009 Port Security Grant #97.056 which received funds from the United States Department of Homeland Security as a direct award.

Low-Risk Auditee

An entity is considered a low-risk auditee if it meets all of the following criteria, specified in the OMB Circular A-133, section 530, for each of the previous two years:

- Single audits were performed on an annual basis.
- The auditor's opinions on the financial statements and the schedule of expenditures of federal awards were unmodified.
- No material weaknesses in internal control, as defined by the Yellow Book, were identified.
- None of the federal programs had audit findings from any of the following in any of the preceding two years in which they were classified as Type A programs:

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

Low-Risk Auditee (Continued)

- Material weaknesses in internal controls.
- Noncompliance with the provisions of laws, regulations, contracts, or grant agreements that had a material affect on the Type A programs.
- Known or likely questioned costs which exceed five percent of the total federal awards expended for a Type A program during the year.

For the fiscal year ended June 30, 2013, the Morgan City Harbor and Terminal was not considered a low-risk auditee.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the fiscal year ended June 30, 2013.

Auditor's Report - Major Program

An unmodified opinion has been issued on the Morgan City Harbor and Terminal District's compliance for its major program as of and for the year ended June 30, 2013.

Internal Control Deficiencies - Major Program

The results of our tests disclosed no instances of noncompliance during the audit of major programs.

Compliance Findings Related to Federal Programs

The results of our tests disclosed no instance of noncompliance during the audit of major programs.

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

2013-001 Inadequate Segregation of Accounting Functions

Criteria: Best practices for internal controls over accounting functions requires that adequate segregation of accounting functions be maintained.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting system.

Effect: Inadequate internal controls within the accounting department.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*
(Continued)

Recommendation: Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: This information is in the separate Management's Corrective Action Plan for Current Year Findings.

Part 3: Findings and Questioned Costs Relating to Federal Programs

The results of our tests disclosed no findings or questioned costs related to federal programs as of June 30, 2013.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2013

Response to Finding 2013-001:

The District's board is aware of the condition and has determined that based upon the size of the operation and the cost benefit of additional personnel, it is not feasible to achieve complete segregation of duties.

**OTHER
SUPPLEMENTARY
INFORMATION**

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Cost of Sales and Services
For the Year Ended June 30, 2013

Dock expenses:

Security	\$ 32,895
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Total cost of sales and services	<u>\$ 32,895</u>
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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of General and Administrative Expenses
For the Year Ended June 30, 2013

Accounting	\$ 13,400
Advertising	14,560
Bad Debts	67,117
Bank charges	700
Car allowance	18,600
Parish pension deduction	70,273
Computer maintenance	3,224
Professional services	395,266
Dues and subscriptions	22,078
Marketing and promotions	16,562
Miscellaneous	2,332
Insurance	52,100
Internet charges	4,001
Janitorial	15,663
Pest control	585
Office supplies	8,205
Postage	417
Lease expense	122,636
Repairs and maintenance	136,096
Salaries and benefits	247,120
Telephone	10,650
Conference and travel	42,180
Utilities	<u>20,037</u>
Total general and administrative expenses	<u>\$ 1,283,802</u>